

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 CIAE-00 COME-00

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FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 7169

INFO AMEMBASSY LONDON

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: ETRD, EPAP, BR

SUBJ: BRAZILIAN COFFEE DEVELOPMENTS

REF: (A) SAO PAULO 2015 (B) SAO PAULO 1975

1. SUMMARY: IN AUGUST 24 MEETING WITH CONSULATE OFFICERS
A GROUP OF PROMINENT SANTOS COFFEE TRADERS HELD TO THEIR PRODUCTION
ESTIMATES OF 5.5 - 5.8 MILLION BAGS FOR 1976/77 CROP YEAR MADE
DURING RECENT INQUIRY BY THE CONSULATE. THEIR EXPLANATION
WAS THE UNEXPECTED EFFECT OF THE 1975 DROUGHT WHICH REDUCED
PRODUCTION 50-60 PERCENT THIS YEAR. THEIR ESTIMATES FOR THE 1977/78
CROP ARE ALSO A CONSERVATIVE 10-12
MILLION BAGS. END SUMMARY.

2. IN FOLLOW-UP TO TELEPHONE INQUIRY MADE EARLIER (SEE REFTEL)
CONSULAR OFFICERS HELD LUNCHEON MEETING AUGUST 24 IN
SANTOS WITH FIVE PROMINENT COFFEE TRADERS AND A REPRESENTATIVE
OF MAJOR U.S. SHIPPING LINE.

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3. THE TRADERS AVERRED THE 1976/77 COFFEE CROP WILL BE

BETWEEN LIMITS OF 5
AND 5.8 MILLION BAGS. AVERAGING THEIR
INDIVIDUAL ESTIMATES FOR THE 1976 CROP GIVES A COMPOSITE
FIGURE OF 5.41 MILLION BAGS.

4. ALL OF THESE COFFEE TRADERS HAVE REVISED THEIR FIGURES
STEADILY DOWNWARD AS THE GROWING YEAR HAS PROGRESSED. LEON
ISRAEL, FOR EXAMPLE, WAS PROJECTING A 1976/77 CROP OF 9 MILLION
BAGS AS RECENTLY AS MAY. THEIR REVISED FIGURE BASED ON
HARVEST COMPLETED OR IN PROGRESS IS NOW 5.5 MILLION. OTHER
EQUALLY PROMINENT DEALERS TELL SIMILAR STORIES. ONE SPOKE OF
A GROWER KNOWN TO HIM WHO RECEIVED BANK OF BRAZIL LOANS
LAST FEBRUARY BASED ON AN IBC INSPECTION REPORT ESTIMATE OF
1,000 BAGS. THE HARVEST OF THAT GROWER, COMPLETED LAST WEEK,
WAS ONLY 167 BAGS.

5. THESE TRADERS BELIEVE DISPARITY BETWEEN EARLY FORECASTS AND
ACTUAL CROP IS RESULT OF UNFORESEEN WEAKNESS OF TREES,
PRINCIPALLY DUE TO LONG 1975 DROUGHT IN SOUTHERN MINAS GERAIS
AND THAT PART OF SAO PAULO WHERE PRODUCTION WAS NOT TOTALLY
DESTROYED BY JULY '75 FREEZE. THEY EXPLAINED TREES SHOWED
PROMISING FLOWERS AND BUDDING, BUT WERE TOO WEAK TO CARRY BERRIES
TO MATURITY. THUS, ACTUAL PRODUCTION WAS 50-60 PERCENT
LOWER THAN GENERALLY EXPECTED.

6. PARENTHETICALLY THEY ALL AGREE THAT IBC ESTIMATES HAVE
IMPROVED GREATLY IN LAST FEW YEARS AND WILL CONTINUE TO IMPROVE
MORE AS AERIAL SURVEYS USING PHOTOGRAPHY AND INFRA-RED MEASURING
TECHNIQUES ARE USED EXTENSIVELY AND MORE EFFECTIVELY.

7. REGARDING 1977/78 CROP YEAR AND ACKNOWLEDGING THAT FORECASTING
IS PREMATURE, TRADERS ESTIMATED THAT UNDER BEST GROWING
CONDITIONS, PRODUCTION WILL BE BETWEEN 10-12 MILLION BAGS.
OF COURSE, FROST, DROUGHT, EXCESSIVE RAIN, DISEASE AND ANY
OTHER IMPONDERABLES COULD ALTER THIS PRODUCTION RANGE DOWNWARD.

8. EMBASSY CONCURS.
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